

# Costa Express Holdings Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2021

Company Number: 06543325



## **COSTA EXPRESS HOLDINGS LIMITED**

### **Contents**

Company Information	1
Directors' Report	2 to 4
Statement of Directors' Responsibilities	5
Independent Auditor's Report	6 to 8
Income Statement	9
Balance Sheet	10
Statement of Changes in Equity	11
Notes to the Financial Statements	12 to 19

## **COSTA EXPRESS HOLDINGS LIMITED**

### **Company Information**

#### **Directors**

S Martin

N Orrin

#### **Company secretary**

S Savjani

#### **Registered office**

3 Knaves Beech Business Centre,  
Davies Way,  
Loudwater,  
High Wycombe,  
Buckinghamshire,  
HP10 9QR

#### **Registered number**

06543325

#### **Statutory auditor**

Ernst & Young LLP  
400 Capability Green,  
Luton,  
Bedfordshire,  
LU1 3LU

## **COSTA EXPRESS HOLDINGS LIMITED**

### **Directors' Report for the Financial Period 31 December 2021**

The directors present their report on Costa Express Holdings Limited (also referred to as the "Company") financial statements for the year ended 31 December 2021.

This report has been prepared in accordance with the special provisions of section 381 of the Companies Act 2006 relating to small companies. The Directors have taken an exemption under this regime not to disclose the Strategic Report.

#### **Directors of the Company**

The Directors who held office during the year, and to the date of this report (except as noted) were as follows:

S Martin

N Orrin

R Willan (appointed 25 March 2021 and resigned 2 November 2022)

The secretaries who held office during the year, and to the date of this report (except as noted) were as follows:

R Fairhurst (resigned 14 May 2021)

S Savjani (appointed 23 April 2021)

#### **Principal activity**

The principal activity of the Company during the year was that of a holding company, maintaining oversight over its subsidiary but not participating in any trading activity.

#### **Dividends**

The Company did not declare or pay any dividend during the year (31 December 2020: £nil).

#### **Future developments**

No significant future developments are expected.

#### **Events after the balance sheet date**

There have been no events after the reporting date which requires adjustment or further disclosure in the financial statements.

#### **Disclosure of information to the auditors**

Each Director has taken steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

#### **Going concern**

The Directors have adopted the going concern basis for preparation of the financial statements of the Company for the financial period ended 31 December 2021.

To support the Directors' assessment of going concern, the Company has received a parental letter of support from Costa Limited. This confirms that Costa Limited will support the Company as necessary to meet its liabilities as they fall due and has the ability to do so for the period to 31 December 2023. The Costa Group has a cash-pooling arrangement; as such, the going-concern assessment has been conducted on a Group basis. In forming their view on going concern, the Directors considered the Company's and Group strategic plan, balance sheet position, agreed financing and forward-looking forecasts up to the end of 2023.

## **COSTA EXPRESS HOLDINGS LIMITED**

### **Directors' Report for the Financial Period 31 December 2021 (continued)**

#### **Going concern (continued)**

The Directors stress tested the assumptions that fed into this exercise, considering the impacts of various risks occurring in isolation and in combination, as well as various risk mitigating actions that could be taken.

In each of the stress test scenarios modelled, the Company remained within its agreed financing levels. In some severe but possible scenarios modelled, the Company remained within its agreed financing only if appropriate mitigating capital management actions were taken. These included reductions in non-essential capital expenditure and discretionary spend. Reverse stress testing indicated to the Directors that the Company would only need to seek additional financing in a highly unlikely scenario, where multiple improbable events occurred simultaneously or in short succession. The Directors have a reasonable expectation that the Company will be able to continue to operate and meet its liabilities as they fall due for the period to 31 December 2023.

#### *Covid-19, 2022 War in Ukraine and inflationary considerations*

Throughout 2022 the UK experienced increased inflation, primarily driven by an increase in demand post Covid-19 and has been exacerbated by the ongoing war in Ukraine. This has resulted in an increase in the cost of raw materials used in our retail business, significant increases in gas and electricity prices, and has also contributed to a drop in retail footfall as customers reduce household spend. The Company has considered such effects on operating overheads and has embedded inflationary increases and reduced footfall into its forecasts used in our sensitivity analysis. Furthermore, the Company has fully hedged its energy prices to March 2024. Whilst the effects of such economic pressures are significant, we do not believe it to impact on our conclusions reached over going concern and viability.

Should it be required, the group could seek external debt, however, at present management have no plans or requirements to do so. Costa Limited currently has no external debt outside of The Coca-Cola Company. The UK entity has no internal debt outside of normal intercompany trading.

After taking into consideration the circumstances described above, the financial statements have been prepared on the assumption that the Group is a going concern.

#### **Price risk, credit risk, liquidity risk and cash flow risk**

##### *Price risk*

Price risk is the risk that the movement in the price of key materials will adversely affect the profitability of the business. The Company has no major exposure to price risk.

##### *Credit risk and impairment*

Credit risk is the risk that one party to a financial instrument will cause a financial loss of the other party by failing to discharge an obligation. The Company is exposed to a small amount of credit risk attributable to its trade and other receivables. This is minimised by dealing with counterparties who demonstrate an appropriate payment history and/or with good credit ratings and who satisfy the Company's credit worthiness procedures. The amounts included in the balance sheet are net of expected credit losses, which have been estimated by management based on prior experience and any known factors at the balance sheet date.

The Company minimises the risk of default in relation to cash and cash equivalents by spreading these deposits across a number of counterparties and dealing in accordance with The Coca-Cola Company Group Treasury Policy which specifies acceptable credit ratings and maximum investments for any counterparty.

##### *Liquidity risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Excess cash used in managing liquidity is placed on interest-bearing deposits and managed by The Coca-Cola Company Group Treasury team under the Group Treasury Policy.

## **COSTA EXPRESS HOLDINGS LIMITED**

### **Directors' Report for the Financial Period 31 December 2021 (continued)**

#### **Price risk, credit risk, liquidity risk and cash flow risk (continued)**

##### *Cash flow risk*

Cash flow risk is the risk of exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability. The Company mitigates cash flow risk through various measures including regularly updating business plans, conducting market research, tighter debt control and conducting cash flow analysis and forecasts.

##### *Foreign exchange risk*

Foreign exchange risk is currently not significant to the Company and is managed by The Coca-Cola Company Group Treasury team under its Group Treasury Policy.

##### *Interest rate risk*

Interest rate risk is currently not significant to the Company and is managed by The Coca-Cola Company Group Treasury team under its Group Treasury Policy.

##### *Capital risk management*

The Company's primary objective in regard to capital management is to ensure that it continues to operate as a going concern and has sufficient funds at its disposal to grow the business for the benefit of shareholders. The Costa Group of Companies aim to maintain sufficient funds for working capital and future investment in order to meet growth targets.

#### **Directors' liabilities**

A qualifying indemnity provision (as defined in section 236(1) of the Companies Act 2006) is in force for the benefit of the Directors and remains in place at the date of this report.

#### **Reappointment of auditor**

The Company reviews and makes recommendations each year in accordance with section 485 of the Companies Act 2006 with regard to the appointment of external auditors. The auditors, Ernst & Young Chartered Accountants, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed and approved at a meeting of the board of Directors.

Approved by the board on 23 November 2022 and signed on its behalf by:

DocuSigned by:

*Scott Martin*

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S Martin

Director

## **COSTA EXPRESS HOLDINGS LIMITED**

### **Statement of Directors' Responsibilities**

#### **Statement of Directors' responsibilities in respect of the financial statements**

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable United Kingdom law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 101 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company financial position and financial performance;
- in respect of the company financial statements, state whether applicable UK Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is appropriate to presume that the company will not continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the Company financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Costa Group website.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COSTA EXPRESS HOLDINGS LIMITED**

### **Opinion**

We have audited the financial statements of Costa Express Holdings Limited (the 'company') for the year ended 31 December 2021 which comprise the Balance Sheet, the Statement of changes in equity and the related notes 1 to 12, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2021 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the provisions available for small entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the period to 31 December 2023.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COSTA EXPRESS HOLDINGS LIMITED (continued)**

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COSTA EXPRESS HOLDINGS LIMITED (continued)**

### ***Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud***

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are United Kingdom General Accepted Accounting Practice, the Companies Act 2006, and the United Kingdom direct and indirect tax regulations. The company has minimal transactions, and no employees.
- We understood how Costa Express Holdings Limited is complying with those frameworks by making enquires of senior finance personnel and those charged with governance. We considered management's attitude and tone from the top to embed a culture of honesty and ethical behaviour whereby a strong emphasis is placed on fraud prevention which may reduce opportunities for fraud to take place.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by discussing with senior finance personnel and those charged with governance as to the rationale behind the specific accounting transactions. Due to the nature of the company, the risk of material misstatement is deemed to be low.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures included reading board meeting minutes and relevant approval documents, enquires of senior finance personnel and those charged with governance and agreement of transactions to supporting source documentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Ernst & Young LLP*

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Joanne Mason (Senior Statutory Auditor)  
For and on behalf of Ernst & Young LLP, Statutory Auditor

Luton, UK

Date: 28 November 2022

## **COSTA EXPRESS HOLDINGS LIMITED**

### **Income Statement for the Financial Period Ended 31 December 2021**

The Company did not trade during the financial year or preceding year. The Company did not earn income or incur expenditure this year or in the preceding year, except for the auditor's fees which is borne by another company. Consequently, the Company made neither a profit nor a loss during the financial year and preceding year and there were also no items of comprehensive income during 2021 and 2020.

There are no items to be included in the Statement of Comprehensive Income and accordingly a separate Statement of Comprehensive Income has not been presented.


**COSTA EXPRESS HOLDINGS LIMITED****Balance Sheet as at 31 December 2021**

Company number : 06543325

	Note	2021 £ 000	2020 £ 000
<b>Assets</b>			
<b>Non-current assets</b>			
Investments	6	11,703	11,703
<b>Total assets</b>		<b>11,703</b>	<b>11,703</b>
<b>Current liabilities</b>			
Trade and other payables	7	(35,099)	(35,099)
<b>Total liabilities</b>		<b>(35,099)</b>	<b>(35,099)</b>
<b>Net liabilities</b>		<b>(23,396)</b>	<b>(23,396)</b>
<b>Equity</b>			
Called-up share capital	8	1	1
Share premium reserve		65	65
Profit and loss account		(23,462)	(23,462)
<b>Total equity</b>		<b>(23,396)</b>	<b>(23,396)</b>

The accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

Approved by the Board on 23 November 2022 and signed on its behalf by:

DocuSigned by:  
  
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 S Martin  
 Director

**COSTA EXPRESS HOLDINGS LIMITED****Statement of Changes in Equity for the Year Ended 31 December 2021**

	<b>Called-up share capital £ 000</b>	<b>Share premium £ 000</b>	<b>Retained earnings £ 000</b>	<b>Total £ 000</b>
At 1 January 2020	1	65	(23,462)	(23,396)
Profit for the year	-	-	-	-
Total comprehensive loss	-	-	-	-
<b>At 31 December 2020</b>	<b>1</b>	<b>65</b>	<b>(23,462)</b>	<b>(23,396)</b>

	<b>Called-up share capital £ 000</b>	<b>Share premium £ 000</b>	<b>Retained earnings £ 000</b>	<b>Total £ 000</b>
At 1 January 2021	1	65	(23,462)	(23,396)
Profit for the year	-	-	-	-
Total comprehensive income	-	-	-	-
<b>At 31 December 2021</b>	<b>1</b>	<b>65</b>	<b>(23,462)</b>	<b>(23,396)</b>

The notes on pages 12 to 19 form an integral part of these financial statements.

## **COSTA EXPRESS HOLDINGS LIMITED**

### **Notes to the Financial Statements for the Financial Period Ended 31 December 2021**

#### **1 General information and basis of preparation**

The Company is a private company limited by share capital incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales .

The address of its registered office is:

3 Knaves Beech Business Centre,  
Davies Way,  
Loudwater,  
High Wycombe,  
Buckinghamshire,  
HP10 9QR

#### **Basis of preparation**

The financial statements have been prepared under the historical cost convention, in accordance with applicable accounting standards.

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' as issued by the Financial Reporting Council (FRC). The financial statements have therefore been prepared in accordance with FRS 101.

These financial statements are separate financial statements. The Company is exempt from the preparation of consolidated financial statements, because it is included in the group accounts of The Coca-Cola Company. These financial statements are available upon request from The Coca-Cola Company, PO Box 1734, Atlanta, Georgia 30301, United States of America.

The financial statements are presented in pounds sterling, which is the functional currency, and all values are rounded to the nearest thousand except when otherwise stated.

#### **Summary of disclosure exemptions**

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard. Where required, equivalent disclosures are given in the consolidated financial statements of The Coca-Cola Company.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- a. the requirements of IFRS 7 Financial Instruments: Disclosures;
- b. the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- c. the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of paragraph 79(a)(iv) of IAS 1;
- d. the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements;
- e. the requirements of IAS 7 Statement of Cash Flows;
- f. the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- g. the requirements of paragraph 17 of IAS 24 Related Party Disclosures; and
- h. the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

## **COSTA EXPRESS HOLDINGS LIMITED**

### **Notes to the Financial Statements for the Financial Period Ended 31 December 2021 (continued)**

#### **Going concern**

The Directors have adopted the going concern basis for preparation of the financial statements of the Company for the financial period ended 31 December 2021.

To support the Directors' assessment of going concern, the Company has received a parental letter of support from Costa Limited. This confirms that Costa Limited will support the Company as necessary to meet its liabilities as they fall due and has the ability to do so for the period to 31 December 2023. The Costa Group has a cash-pooling arrangement; as such, the going-concern assessment has been conducted on a Group basis. In forming their view on going concern, the Directors considered the Company's and Group strategic plan, balance sheet position, agreed financing and forward-looking forecasts up to the end of 2023.

The Directors stress tested the assumptions that fed into this exercise, considering the impacts of various risks occurring in isolation and in combination, as well as various risk mitigating actions that could be taken.

In each of the stress test scenarios modelled, the Company remained within its agreed financing levels. In some severe but possible scenarios modelled, the Company remained within its agreed financing only if appropriate mitigating capital management actions were taken. These included reductions in non-essential capital expenditure and discretionary spend. Reverse stress testing indicated to the Directors that the Company would only need to seek additional financing in a highly unlikely scenario, where multiple improbable events occurred simultaneously or in short succession. The Directors have a reasonable expectation that the Company will be able to continue to operate and meet its liabilities as they fall due for the period to 31 December 2023.

#### *Covid-19, 2022 War in Ukraine and inflationary considerations*

Throughout 2022 the UK experienced increased inflation, primarily driven by an increase in demand post Covid-19 and has been exacerbated by the ongoing war in Ukraine. This has resulted in an increase in the cost of raw materials used in our retail business, significant increases in gas and electricity prices, and has also contributed to a drop in retail footfall as customers reduce household spend. The Company has considered such effects on operating overheads and has embedded inflationary increases and reduced footfall into its forecasts used in our sensitivity analysis. Furthermore, the Company has fully hedged its energy prices to March 2024. Whilst the effects of such economic pressures are significant, we do not believe it to impact on our conclusions reached over going concern and viability.

Should it be required, the group could seek external debt, however, at present management have no plans or requirements to do so. Costa Limited currently has no external debt outside of The Coca-Cola Company. The UK entity has no internal debt outside of normal intercompany trading.

After taking into consideration the circumstances described above, the financial statements have been prepared on the assumption that the Group is a going concern.

## **2 Accounting policies**

### **Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### **Changes in accounting policy**

None of the standards, interpretations and amendments effective for the first time from 1 January 2021 have had a material effect on the financial statements.

## **COSTA EXPRESS HOLDINGS LIMITED**

### **Notes to the Financial Statements for the Financial Period Ended 31 December 2021 (continued)**

#### **2 Accounting policies (continued)**

##### **Investments**

Investments in securities are classified on initial recognition as available-for-sale and are carried at fair value, except where their fair value cannot be measured reliably, in which case they are carried at cost, less any impairment.

Unrealised holding gains and losses other than impairments are recognised in other comprehensive income. On maturity or disposal, net gains and losses previously deferred in accumulated other comprehensive income are recognised in income.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

##### **Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

##### **Financial instruments**

###### *Initial recognition*

Financial assets and financial liabilities comprise all assets and liabilities reflected in the balance sheet, excluding tangible assets, investment properties, intangible assets, deferred tax assets, prepayments, deferred tax liabilities and employee benefits plan.

The Company recognises financial assets and financial liabilities in the statement of financial position when, and only when, the Company becomes party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value. Financial liabilities are initially recognised at fair value, representing the proceeds received net of premiums, discounts and transaction costs that are directly attributable to the financial liability.

All regular way purchases and sales of financial assets and financial liabilities classified as fair value through profit or loss ("FVTPL") are recognised on the trade date, i.e. the date on which the Company commits to purchase or sell the financial assets or financial liabilities. All regular way purchases and sales of other financial assets and financial liabilities are recognised on the settlement date, i.e. the date on which the asset or liability is received from or delivered to the counterparty. Regular way purchases or sales are purchases or sales of financial assets that require delivery within the time frame generally established by regulation or convention in the market place.

Subsequent to initial measurement, financial assets and financial liabilities are measured at either amortised cost or fair value.



## **COSTA EXPRESS HOLDINGS LIMITED**

### **Notes to the Financial Statements for the Financial Period Ended 31 December 2021 (continued)**

#### **2 Accounting policies (continued)**

##### *Classification and measurement*

Financial instruments are classified at inception into one of the following categories, which then determine the subsequent measurement methodology:-

Financial assets are classified into one of the following three categories:-

- financial assets at amortised cost;
- financial assets at fair value through other comprehensive income (FVTOCI); or
- financial assets at fair value through the profit or loss (FVTPL).

Financial liabilities are classified into one of the following two categories:-

- financial liabilities at amortised cost; or
- financial liabilities at fair value through the profit or loss (FVTPL).

The classification and the basis for measurement are subject to the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, as detailed below:-

##### *Financial assets at amortised cost*

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:-

- the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If either of the above two criteria is not met, the financial assets are classified and measured at fair value through the profit or loss (FVTPL).

If a financial asset meets the amortised cost criteria, the Company may choose to designate the financial asset at FVTPL. Such an election is irrevocable and applicable only if the FVTPL classification significantly reduces a measurement or recognition inconsistency.

##### *Financial assets at fair value through the profit or loss (FVTPL)*

Financial assets not otherwise classified above are classified and measured as FVTPL.

##### *Financial liabilities at amortised cost*

All financial liabilities, other than those classified as financial liabilities at FVTPL, are measured at amortised cost using the effective interest rate method.

##### *Financial liabilities at fair value through the profit or loss*

Financial liabilities not measured at amortised cost are classified and measured at FVTPL. This classification includes derivative liabilities.

## **COSTA EXPRESS HOLDINGS LIMITED**

### **Notes to the Financial Statements for the Financial Period Ended 31 December 2021 (continued)**

#### **2 Accounting policies (continued)**

##### **Modification of financial assets and financial liabilities**

###### *Financial assets*

If the terms of a financial asset are modified, the Company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to the cash flows from the original financial asset are deemed to expire. In this case the original financial asset is derecognised and a new financial asset is recognised at either amortised cost or fair value.

If the cash flows are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Company recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the statement of income.

###### *Financial liabilities*

If the terms of a financial liabilities are modified, the Company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual obligations from the cash flows from the original financial liabilities are deemed to expire. In this case the original financial liabilities are derecognised and new financial liabilities are recognised at either amortised cost or fair value.

If the cash flows are not substantially different, then the modification does not result in derecognition of the financial liabilities. In this case, the Company recalculates the gross carrying amount of the financial liabilities and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the statement of income.

#### **3 Key accounting judgements and estimates**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported as assets and liabilities at the balance sheet date and the amounts reported as revenues and expenses during the year. However, the nature of estimation means that the actual outcomes could differ from those estimates. In the process of applying the Group's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the financial statements:

##### *Impairment*

Impairment tests of investments in subsidiaries and amounts owed by related parties are conducted each financial period. In these impairment tests, the carrying value of assets are compared with estimates of their value in use or recoverable amount. Informing these valuation estimates assumptions are applied, in particular in assessing future cashflow generation from value in use, discounting those future cashflow estimates and FVLCTS.

**COSTA EXPRESS HOLDINGS LIMITED****Notes to the Financial Statements for the Financial Period Ended 31 December 2021  
(continued)****3 Key accounting judgements and estimates (continued)**

The judgements and estimates underlying impairment testing have resulted in investments in subsidiaries impairment of £nil (2020: £nil).

There were no balances owed by related parties at year end (2020: £nil).

*Estimates*

There were no key estimates made by management in the process of applying the Group's accounting policies.

**4 Staff costs**

The Company had no employees during 2021 (2020: none).

**5 Auditors' remuneration**

Audit fees for the year of £10,000 were borne by Costa Limited (2020: £10,000 borne by Costa Limited).

**6 Investments**

	Investment in subsidiary company £ 000	Total £ 000
<b>Subsidiaries</b>		
<b>Cost or valuation</b>		
At 1 January 2021	11,703	11,703
At 31 December 2021	11,703	11,703
<b>Provision</b>		
<b>Carrying amount</b>		
At 31 December 2021	11,703	11,703

Details of the subsidiaries as at 31 December 2021 are as follows:

Name of subsidiary	Principal activity	Country of incorporation, principal place of business and registered office.	Proportion of ownership interest and voting rights held	
			2021	2020
Costa Express Limited	The sale of coffee and other beverages from branded self-serve coffee machines	England 3 Knaves Beach Business Centre, Davies Way, Loudwater, High Wycombe, Buckinghamshire, HP10 9QR.	100%	100%

The investment is directly held by the Company.

**COSTA EXPRESS HOLDINGS LIMITED****Notes to the Financial Statements for the Financial Period Ended 31 December 2021  
(continued)****7 Trade and other payables**

	<b>2021</b>	<b>2020</b>
	<b>£ 000</b>	<b>£ 000</b>
Amounts due to group companies	35,099	35,099

Amounts due to group companies are repayable on demand. No interest has been charged since the Company was acquired by The Coca-Cola Company in 2019.

**8 Share capital****Allotted, called-up and fully paid shares**

		<b>2021</b>		<b>2020</b>
	<b>No.</b>	<b>£</b>	<b>No.</b>	<b>£</b>
A Ordinary of £0.01 each	72,000	720	72,000	720
B Ordinary of £0.01 each	25,000	250	25,000	250
Deferred of £0.01 each	2,856	29	2,856	29
	99,856	999	99,856	999

**Rights, preferences and restrictions**

A Ordinary have the following rights, preferences and restrictions:

The shares have attached to them full voting rights.

B Ordinary have the following rights, preferences and restrictions:

The shares have attached to them full voting rights.

Deferred have the following rights, preferences and restrictions:

The holders are entitled to receive notice of all General Meetings, but are not entitled to attend or vote.

**9 Parent of group in whose consolidated financial statements the Company is consolidated**

The smallest and largest parent preparing consolidated financial statements is The Coca-Cola Company.

These financial statements are available upon request from The Coca-Cola Company, PO Box 1734, Atlanta, Georgia 30301, United States of America.

**10 Events after the balance sheet date**

There have been no events after the reporting date which requires adjustment or further disclosure in the financial statements.

## **COSTA EXPRESS HOLDINGS LIMITED**

### **Notes to the Financial Statements for the Financial Period Ended 31 December 2021 (continued)**

#### **11 Related party transactions**

The Company is a wholly-owned subsidiary of The Coca-Cola Company, the ultimate controlling entity, and has taken advantage of the exemption given in Financial Reporting Standard 101 (8(k)) not to disclose transactions with other group companies.

#### **12 Parent and ultimate parent undertaking**

The Company's immediate parent is Costa Limited. The ultimate parent is The Coca-Cola Company, Atlanta, Georgia, USA. The most senior parent entity producing publicly available financial statements is The Coca-Cola Company. The ultimate controlling party is The Coca-Cola Company.